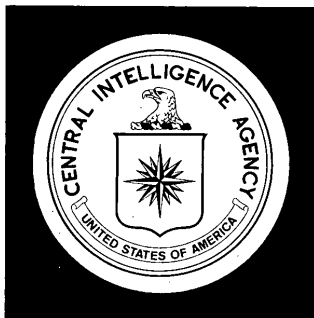


Notes by D CI



The President's Daily Brief

January 26, 1974

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FOR THE PRESIDENT ONLY
THE PRESIDENT'S DAILY BRIEF

January 26, 1974

PRINCIPAL DEVELOPMENTS

The Egyptians have agreed to remove by February 20 the five recently constructed surface-to-air missile sites on the east bank of the Canal. (Page 1)

Evidence suggests that world oil supplies are rising faster than demand, as producers begin to increase output while demand in consuming countries slackens. (Page 2)

Australian Prime Minister Whitlam leaves Monday on a 16-day trip through Southeast Asia designed to emphasize Canberra's new interest in regional affairs. (Page 3)

Chinese

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(Page 4)

The conference of the West European communist parties opening today in Brussels will probably be dominated by the question of relations between the parties and Moscow. (Page 5)

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Notes on China

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appear on Page 6.

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EGYPT-ISRAEL

The Egyptians have agreed to remove by February 20 the five recently constructed surface-to-air missile sites on the east bank of the Canal. They gave their consent just prior to the conclusion of the disengagement implementation agreement on January 24, according to UN sources.

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INTERNATIONAL OIL

There is increasing evidence that world oil supplies are rising faster than demand. Oil production outside the Communist countries will be about 2 million barrels per day (b/d) more this month than December and only 3.5 percent below the level of September, the last month when oil operations were normal.

Some producers, both Arabs and non-Arabs, have increased output. Saudi Arabia is producing some 400,000 b/d more than it is allowed under the Arab producers' cutback formula, probably to meet commitments to the UK, Belgium, and Japan. Production in Iran has gone up 300,000 b/d since September, and Iraqi production is back to pre-war levels. Kuwait and Libya have not boosted production, however, and Venezuela has ordered a 200,000 b/d cutback, apparently for conservation reasons.

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Oil demand in the consuming countries is clearly much lower than last fall. Near-zero economic growth, a variety of conservation measures, and consumer and government reactions to higher prices are all factors. Stocks of many petroleum products are at high levels on the US East Coast and in Western Europe.

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AUSTRALIA

Prime Minister Whitlam leaves Monday on a swing through Southeast Asia, his first since taking office a year ago. His 16-day visit to Malaysia, Thailand, Laos, Burma, Singapore, and the Philippines is designed to emphasize Canberra's new interest in playing a leading role in regional affairs.

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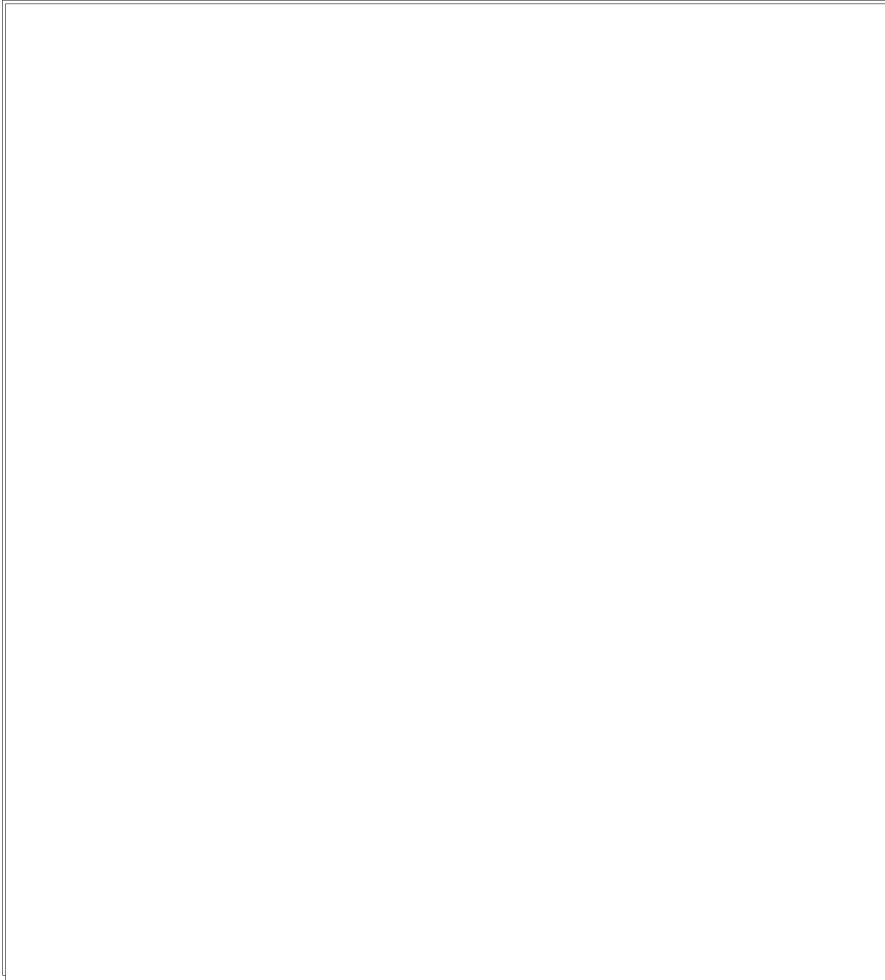
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CHINA - SOUTH VIETNAM

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WEST EUROPEAN COMMUNIST PARTIES

The conference of West European communist parties, which opens today in Brussels, will probably be dominated by the question of relations between the Western parties and Moscow.

The Italian Communists hope that the conference will lead to a coordinated strategy, independent of the Soviets if necessary, on a broad range of West European economic, social, and defense issues. The Soviets are particularly concerned over the Italians' intention to air fully the question of Soviet policy toward dissidents. The Italian, French, Swiss, and Spanish parties have said they were "hostile" to Moscow's suppression of Solzhenitsyn's works, although they did not agree with the author's criticism of the Soviet system.

One key to the outcome of the conference will be the role adopted by the French Communist Party. Although the French acted as a brake on the Italians during the preparatory stage, they have moved closer to the Italian position on European issues and advocate, for example, the development of means by which to exert concerted pressure on the EC. This stand and the party's qualified criticism of Moscow's handling of Solzhenitsyn do not, however, reflect serious disagreement with the Soviets.

Differences among the western parties themselves--and indirect pressure from Moscow--will probably keep the conference from producing the clear and independent statements on European issues that the Italians would like.



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NOTES

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USSR-Somalia:

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Bangladesh-USSR:

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USSR:

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Australia: Australia has decided to delay recognition of North Korea for a few weeks, until Seoul's new ambassador arrives in Canberra and has an opportunity to meet with Prime Minister Whitlam. Canberra will make an attempt in the meantime to persuade an East European country to recognize Seoul. Chargé Harrop was told, however, that Canberra has made a decision to recognize Pyongyang, and will do so soon, perhaps before Parliament reconvenes February 28.

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